

General Guidelines

As fiduciaries of the Fund, all investment managers (regardless of type of investment) will discharge their duties solely in the interests of the Fund's members and beneficiaries and with the care, skill, prudence, and diligence that an expert would use on his/her own behalf. If the Trustee, Department and Board choose to invest a portion of the Fund in mutual funds or other commingled investment vehicles the products selected shall adhere to the guidelines set forth in the prospectus or trust document. In addition, separate account investment managers shall observe the following rules, unless an exemption from a rule or rules is given in writing by the Trustee, Department and/or Board:

- **Specific Limitation on Holdings.** The purchase of securities in any one nongovernmental corporation shall be limited to an initial cost of 5% of the market value of an investment manager's Portfolio. Through capital appreciation, no such holding should exceed 7½% of the market value of the total holdings of such investment manager's Portfolio.
- **Securities Trading.** Each investment manager is to send copies of each transaction record to the Fund and its custodian(s), as requested. The investment manager is further required to reconcile the account(s) under its management on a timely basis each month with the custodian(s). Each investment manager is responsible for complying fully with the Fund's policies for securities trading and selecting brokerage firms.
- **Acknowledgments in Writing.** Each investment manager retained by the Fund must be a person, firm, or corporation registered as an investment adviser under the Investment Advisors Act of 1940; a bank as defined in such Act; or an insurance company qualified to do business in more than one state, and must acknowledge its fiduciary responsibility in writing. SEC registered firms will be expected to provide a copy of the SEC ADV Form Section II on an annual basis. All investment managers shall acknowledge in writing their receipt of this IPS and their agreement to abide by its contents. All investment managers shall have an affirmative duty to bring suggestions for modification or change to the Trustee, Department, and Board.
- **Fiduciary Liability Insurance.** Each investment manager will carry and obtain fiduciary insurance coverage in an amount appropriate for the level of assets under their management and the services rendered. Each investment manager shall annually provide written evidence of such coverage.
- **Fidelity Bond.** Each investment manager will obtain fidelity bonds, in such amount as required by the Trustee, Department and Board. Each investment manager shall annually be required to provide written evidence of such coverage.

- **Proxy Voting.** Each investment manager will abide by the Fund's Proxy Voting Policy as stated in the Proxy Voting Policy Section of this IPS. Each investment manager will provide an annual report of proxy voting activity to the Fund consistent with the requirements of the Proxy Voting Policy Section.
- **Conflicts of Interest.** An investment manager shall be subject to the applicable provisions of the Code of Ethics Section of this IPS. An investment manager through its actions on behalf of the Fund shall not invest any part of the Fund with itself or with any person or entity with which or in which it has any economic interest, unless such investment manager receives prior written approval from the Trustee, Department, and Board. This limitation shall be construed so as to avoid any possibility of self-dealing or conflict of interest. In addition, no investment manager, through its actions on behalf of the Fund, shall act or receive compensation as a broker, dealer, underwriter, or principal whether directly or through a related or an affiliated entity, unless such investment manager receives prior written approval from the Trustee, Department, and Board.
- **Prohibited Securities and Transactions.** Unless the Trustee, Department, and Board gives its prior written approval, the following prohibited transactions and restrictions are in effect for investment managers:
 - Short sales of any kind
 - Purchases of letter or restricted stock and other unregistered securities, except for rule 144A securities
 - Any transaction that would be a "prohibited transaction" under the Internal Revenue Code
 - Purchases of precious metals
 - Purchases of commodities or commodities contracts
 - Margin purchases or sales, or any other forms of leverage, are prohibited
 - Purchases of derivative securities (with the exception of collateralized mortgage obligations (CMOs), futures, swaps, and options)
- **Correction of Violations.** In the event a violation of the guidelines occurs, unless otherwise approved by the Trustee, Department, and Board in writing, based upon a determination of the best interests of the Fund, the violation:
 - Shall be corrected immediately by sale no later than the day following detection and notification; and
 - Shall result in the reimbursement of the Fund by the investment manager for any losses, fees and expenses which may have been incurred due to the violation; and
 - Shall result in the Fund retaining any gains which are realized from the violation; and
 - May be grounds for termination by the Trustee, Department, and Board

Securities Guidelines

Each separate account investment manager selected to manage Fund assets must adhere to the following guidelines as well as any applicable Indiana statutory requirements, unless an exemption from these guidelines is given in writing by the Trustee, Department and/or Board. Subject to the guidelines in this section of the IPS, each separate account investment manager shall have full discretionary investment authority over the assets each is responsible for managing. Each investment manager shall be retained to implement a specific investment style and strategy for the Fund. The strategy and underlying philosophy will be described in an addendum to each investment manager's contract. In addition, if the Trustee, Department and Board choose to invest a portion of the Fund in mutual funds or other commingled investment vehicles the products selected shall adhere to the guidelines set forth in the prospectus or trust document.

Mid/Small Capitalization Equity Investment Managers

The guidelines applicable to the large cap equity investment managers shall also apply to the mid/small cap equity investment managers except that:

- Mid/small cap investment managers shall have the discretion to invest a portion of the assets in cash reserves as they deem appropriate. In the event the holdings in cash and equivalents exceeds 10%, they must notify the Trustee, Department, and Board. The investment managers will be evaluated, however, against their peer group on the performance of the total funds under their direct management.
- The main focus of investing for mid/small capitalization equity investment managers will be on companies with a market capitalization of \$100 million to \$8.0 billion at time of purchase or that are members of the investment manager's stated benchmark index.

Non-U.S. Equity Investment Managers

The Trustee, Department, and Board will allocate a portion of the investment portfolio to core international equity securities as represented by the MSCI EAFE Index in accordance with the strategic asset allocation. This is intended to enhance the overall return of the Fund, while lowering risk through increased diversification.

All of the guidelines applicable to large cap equity securities shall apply to international equity securities except that:

- Equity holdings in any one international company shall not exceed 7½% of the total value of all investments in international equity securities.

- Equity holdings in any one country shall not exceed 35% of all investments in international equity securities without written approval by the Trustee, Department, and Board.
- Foreign currency exchange contracts may be used for the sole purposes of hedging the exposure to foreign currency risk inherent in the portfolio. Direct or indirect speculation in foreign currency, and any investment activity related to speculation in foreign currency, shall be prohibited.
- Exposure to emerging markets may not exceed more than 15% of the portfolio value.